

BILL ANALYSIS

C.S.H.B. 3047
By: Darby
Higher Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The board of regents of the Texas Tech University System governs Texas Tech University, Texas Tech University Health Sciences Center, and Angelo State University. Interested parties observe that current law relating to the university system and its board contains some unnecessary provisions and archaic language and might benefit from reorganization, particularly with regard to the powers and duties of the board for the component institutions. C.S.H.B. 3047 seeks to provide for that reorganization, among other provisions.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3047 amends the Education Code to authorize the board of regents of the Texas Tech University System to accept, retain in depositories of its choosing, and administer, on terms and conditions acceptable to the board, gifts, grants, or donations of any kind, from any source, for use by the system or any of the component institutions of the system. The bill changes certain references to the university, with regard to provisions governing the university system and its board, to the university system or the university system and its component institutions, as applicable. The bill specifies that the six-year terms of office for board members are staggered, with the terms of three members expiring on January 31 of odd-numbered years.

C.S.H.B. 3047 grants the board eminent domain power to acquire improvements, in addition to land, needed to carry out the purposes of the university system and its component institutions. The bill authorizes the board to purchase a house or to purchase land and construct a house suitable for the residence of the chancellor of the university system or a president of a component university, rather than the president of the university.

C.S.H.B. 3047 authorizes the board to establish a history, science, and art museum, rather than building the museum by other means. The bill authorizes the board to provide a building for maintaining such a museum, rather than conveying a building by other means, and removes certain powers of the board to dedicate land or contract for services in relation to the museum. The bill authorizes the board to accept donations, gifts, grants, and endowments for Texas Tech University to be held for the benefit of the institution, rather than held in trust.

C.S.H.B. 3047 removes the branches and divisions of Texas Tech University from purposes for which money in the Texas Tech University special mineral fund may be used. The bill authorizes the board to specify that publication of an advertisement of a mineral lease on university land by electronic means, including an Internet posting, satisfies the requirement for publication of the advertisement in at least two papers of general circulation in Texas. The bill removes the requirement that a public auction at which the lease or leases are sold take place at the university at any hour between 10 a.m. and 5 p.m. and includes electronic payment among the types of

payments accepted for the purchase of the lease. The bill increases from \$1 per acre to \$5 per acre the minimum delay rental for delay in drilling or development with regard to a university mineral lease and authorizes lands to be leased for mineral purposes if, in the opinion of the board, the highest bidder has offered a reasonable and proper price for any tract, rather than any one of the bidders. The bill increases from 300 feet to 500 feet the minimum distance from any building on the land on which the mineral lease resides within which drilling or mining for minerals is prohibited without board consent and includes structures in the minimum distance requirement. The bill requires a mineral lease to provide that the lessee operating the property shall carry on its operation in such a way as not to interfere with use of the property for university purposes, rather than as not to cause abandonment of the property for university purposes, and removes a requirement relating to the board's continued operation of the university. The bill removes a provision authorizing the discontinuation of yearly lease payments fixed by the board when royalty payments amount to as much as the yearly payments.

C.S.H.B. 3047 clarifies that the period of three years for which the exploratory term of a mineral lease may be extended by a unanimous board vote is a maximum period and removes a provision authorizing the extension of a lease if the board finds that there is a likelihood of minerals being discovered by the lessees and that the lessees have proceeded with diligence to protect the state's interest. The bill changes the condition under which lease rentals may be suspended for actual drilling operations from the operations proceeding in good faith to the operations proceeding in a good and workmanlike manner in a good faith attempt to produce minerals from the well. The bill changes references to owners with regard to university mineral leases to lessees, expands the infrastructure the board is required to authorize for purposes of university mineral development, and grants the state a first lien on minerals that may be produced in a leased area, in addition to those produced.

C.S.H.B. 3047 replaces the power of direction with the powers of governance and jurisdiction granted to the board over the Texas Tech University Health Sciences Center, removes certain provisions relating to the State Rural Medical Education Board, and removes language restricting the rules and regulations pertaining to the admission of students to the health sciences center's medical school required to be promulgated by the board of regents.

C.S.H.B. 3047 repeals provisions relating to a research park at the university, leases of university land for a U.S. armory and a Texas National Guard armory, the sale of certain crops, the sale of obsolete medical equipment, and the chief executive officer's role at the health sciences center.

C.S.H.B. 3047 repeals the following provisions of the Education Code:

- Section 109.44
- Section 109.46
- Section 109.47
- Section 109.49
- Section 110.04
- Section 110.14

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3047 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter A, is amended to read as follows:

SUBCHAPTER A. GENERAL AND ADMINISTRATIVE PROVISIONS

SECTION 2. Section 109.001, Education Code, is amended by adding Subsection (d) to read as follows:

(d) The board is authorized, upon terms and conditions acceptable to it, to accept, retain in depositories of its choosing, and administer gifts, grants, or donations of any kind, from any source, for use by the system or any of the component institutions of the system.

SECTION 3. Sections 109.21, 109.22, and 109.23, are transferred to Subchapter A, Chapter 109, as amended by this Act, redesignated as Sections 109.002, 109.003, 109.004, Education Code, and amended to read as follows:

Sec. 109.002 ~~[409.24]~~. BOARD OF REGENTS. The government, control, and direction of the policies of the university system and the component institutions are vested in a board of nine regents, who shall be appointed by the governor with the advice and consent of the senate.

Sec. 109.003 ~~[409.22]~~. BOARD MEMBERS: TERMS, VACANCIES. ~~[Except for the initial appointees, m]~~ Members will hold office for [øf] terms of six years expiring on January 31 of odd-numbered years. [In making the initial appointments, the governor shall designate three for terms expiring in 1971, three for terms expiring in 1973, and three for terms expiring in 1975]. Any vacancy shall be filled for the unexpired portion of the term by appointment by the governor with the advice and consent of the senate.

Sec. 109.004 ~~[409.23]~~. CHIEF EXECUTIVE OFFICER: SELECTION, DUTIES. The board shall appoint [provide] a chief executive officer, who shall devote his attention to the executive management of the university system and who shall be directly accountable to the board for the conduct of the university system. The board,

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Substantially the same as introduced version.

SECTION 2. Substantially the same as introduced version.

SECTION 3. Sections 109.21, 109.22, and 109.23, Education Code, are transferred to Subchapter A, Chapter 109, Education Code, redesignated as Sections 109.002, 109.003, and 109.004, Education Code, and amended to read as follows:

Sec. 109.002 ~~[409.24]~~. BOARD OF REGENTS. The government, control, and direction of the policies of the university system and the component institutions are vested in a board of nine regents, who shall be appointed by the governor with the advice and consent of the senate.

Sec. 109.003 ~~[409.22]~~. BOARD MEMBERS: TERMS, VACANCIES. Members of the board will ~~[Except for the initial appointees, members]~~ hold office for staggered [øf] terms of six years, with the terms of three members expiring on January 31 of odd-numbered years. ~~[In making the initial appointments, the governor shall designate three for terms expiring in 1971, three for terms expiring in 1973, and three for terms expiring in 1975.]~~ Any vacancy shall be filled for the unexpired portion of the term by appointment by the governor with the advice and consent of the senate.

Sec. 109.004 ~~[409.23]~~. CHIEF EXECUTIVE OFFICER: SELECTION, DUTIES. The board shall appoint [provide] a chief executive officer, who shall devote the officer's [his] attention to the executive management of the university system and who shall be directly accountable to the board for the conduct of the university

when required by law to be the governing body of any other state educational institution or facility, shall also direct the chief executive officer to be directly responsible for the executive management of that other institution or facility.

SECTION 4. Subchapters B and C are amended to read as follows:

SUBCHAPTER B. [ADMINISTRATIVE PROVISIONS]
[SUBCHAPTER—C.] POWERS AND DUTIES

SECTION 5. Sections 109.41, 109.42, 109.48, AND 109.54, are transferred to Subchapter B, Chapter 109, as amended by this Act, redesignated as Sections 109.005, 109.006, 109.007 and 109.008, Education Code, and amended to read as follows:

Sec. 109.005 [109.41]. EMINENT DOMAIN. The board of regents has the power of eminent domain to acquire land and improvements needed to carry out the purposes of the university system and the component institutions.

Sec. 109.006 [109.42]. RESIDENCES FOR CHANCELLOR AND PRESIDENTS.

The board may purchase a house or may purchase land and construct a house suitable for the residence of the chancellor of the university system or a president of [the] a component university.

Sec. 109.007 [109.48]. UTILITIES EASEMENTS. On terms, conditions, stipulations, and compensation as determined by the board, the board may convey, dedicate, or use any other appropriate method of conveyance to grant, convey, or dedicate rights, title, rights-of-way, or easements involving or in connection with the furnishing or providing of electricity, water, sewage disposal, natural gas, telephone, telegraph, or other utility service on, over, or through the campuses of the Texas Tech University System and the component institutions [in Lubbock County]. The chairman of the board may execute and deliver conveyances or dedications on behalf of [Texas Tech University] the university system and the

system. The board, when required by law to be the governing body of any other state educational institution or facility, shall also direct the chief executive officer to be directly responsible for the executive management of that other institution or facility.

SECTION 4. Substantially the same as introduced version.

SECTION 5. Substantially the same as introduced version.

component institutions.

Sec. 109.008 [109.54]. MANAGEMENT OF LANDS. The board has the sole and exclusive management and control of lands set aside and appropriated to or acquired by the institutions under its governance. The board may lease, sell, exchange, acquire, dispose of, and otherwise manage, control, and use the lands in any manner and at prices and under terms and conditions the board deems best for the interest of the institutions. However, the board may not sell any of the original main campus of Texas Tech University located in Lubbock, Lubbock County, unless the sale is approved by act of the legislature. No grazing lease shall be made for a period of more than five years.

SECTION 6. Chapter 109, Education Code, is amended by adding Subchapter E.

SUBCHAPTER E. TEXAS TECH UNIVERSITY

SECTION 7. Sections 109.01, 109.43, 109.45, and 109.52 are transferred to Subchapter E, Chapter 109, as amended by this Act, redesignated as Sections 109.01, 109.02, 109.03, and 109.04 and amended to read as follows:

Sec. 109.01. TEXAS TECH UNIVERSITY. Texas Tech University is a coeducational institution of higher education located in the city of Lubbock.

Sec. 109.02 [109.43.] DORMITORIES: RULES AND REGULATIONS. The board may adopt rules and regulations it deems advisable requiring any class or classes of students to reside in university dormitories or other buildings.

Sec. 109.03 [109.45]. [CITY] MUSEUM. (a) The board may establish ~~rent, lease, or convey, for a sum of money to be determined by the board, a part of the campus, not to exceed four acres, to the city of Lubbock for the sole purpose of building,~~

SECTION 6. Substantially the same as introduced version.

SECTION 7. Section 109.01, Education Code, is transferred to Subchapter C, Chapter 109, Education Code, and redesignated as Section 109.101, Education Code, to read as follows:

Sec. 109.101 [109.01]. TEXAS TECH UNIVERSITY. Texas Tech University is a coeducational institution of higher education located in the city of Lubbock.

SECTION 8. Sections 109.43, 109.45, and 109.52, Education Code, are redesignated as Sections 109.102, 109.103, and 109.104, Education Code, and amended to read as follows:

Sec. 109.102 [109.43]. DORMITORIES: RULES AND REGULATIONS. The board may adopt rules and regulations it deems advisable requiring any class or classes of students to reside in university dormitories or other buildings.

Sec. 109.103 [109.45]. [CITY] MUSEUM. (a) The board may establish ~~rent, lease, or convey, for a sum of money to be determined by the board, a part of the campus, not to exceed four acres, to the city of Lubbock for the sole purpose of building,~~

~~with bonds or current city taxes, and maintaining with city tax money,] a history, science, and art museum.~~

(b) The board may provide [rent or lease] a building or any part of a building ~~[on the parcel of land to the city of Lubbock]~~ for the sole purpose of maintaining a history, science, and art museum ~~[for a sum of money]~~ to ~~[be determined by the board]~~.

(See Section 10 below, which repeals Subsections (c), (d), and (e).)

Sec. 109.04 ~~[109.52]~~. DONATIONS, GIFTS, GRANTS, AND ENDOWMENTS. The board may accept donations, gifts, grants, and endowments for Texas Tech University to be held for the benefit of the institution ~~[in trust]~~ and administered by the board.

SUBCHAPTER F. MINERAL DEVELOPMENT IN UNIVERSITY LAND

SECTION 8. Sections 109.61 through 109.80, Chapter 109, Education Code, are redesignated as Sections 109.020 through 109.040, Education Code and amended to read as follows:

Sec. 109.020. ~~[109.61]~~. MINERAL LEASES; DISPOSITION OF PROCEEDS.

(a) The board may lease for oil, gas, sulphur, or other mineral development to the highest bidder at public auction all or part of the lands under the exclusive control of the board owned by the State of Texas and acquired for the use of Texas Tech University and its divisions.

(b) Any money received by virtue of this section shall be deposited in a special fund

~~with bonds or current city taxes, and maintaining with city tax money,] a history, science, and art museum.~~

(b) The board may provide [rent or lease] a building or any part of a building ~~[on the parcel of land to the city of Lubbock]~~ for the sole purpose of maintaining a history, science, and art museum ~~[for a sum of money]~~ to ~~[be determined by the board]~~.

~~[(e) The board may dedicate for public use a street or streets leading to and connecting the parcel of land and building and to provide ingress and egress to and from a public highway and to and from adjacent parking lots.~~

~~[(d) The board, at its discretion, may contract with the city of Lubbock for the staffing, operation, and maintenance of a history and art museum with funds provided by the city of Lubbock.~~

~~[(e) The board may enter into contracts and agreements which are necessary and proper for carrying out the provisions of this section, provided that no expenditure of money by the board shall be made except as may be appropriated by the legislature.]~~

Sec. 109.104 ~~[109.52]~~. DONATIONS, GIFTS, GRANTS, AND ENDOWMENTS. The board may accept donations, gifts, grants, and endowments for Texas Tech University to be held for the benefit of the institution ~~[in trust]~~ and administered by the board.

SECTION 9. Subchapter D, Chapter 109, Education Code, is amended to read as follows:

SUBCHAPTER D. MINERAL DEVELOPMENT IN UNIVERSITY LAND

Sec. 109.151 ~~[109.61]~~. MINERAL LEASES; DISPOSITION OF PROCEEDS.

(a) The board may lease for oil, gas, sulphur, or other mineral development to the highest bidder at public auction all or part of the lands under the exclusive control of the board owned by the State of Texas and acquired for the use of Texas Tech University and its divisions.

(b) Any money received by virtue of this section shall be deposited in a special fund

managed by the board to be known as the Texas Tech University special mineral fund. Money in the fund is considered to be institutional funds, as defined by Section 51.009, of the university and is to be used exclusively for the university [~~and its branches and divisions~~]. All deposits in and investments of the **funds** shall be made in accordance with Section 51.0031. Section 34.017, Natural Resources Code, does not apply to the **funds**.

Sec. 109.021 [~~109.62~~]. MAJORITY OF BOARD TO ACT. A majority of the board has power to act in all cases under this subchapter except as otherwise provided in this subchapter.

Sec. 109.022 [~~109.63~~]. SUBDIVISION OF LAND; TITLES. (a) The board may have the lands surveyed or subdivided into tracts, lots, or blocks which, in their judgment, will be most conducive and convenient to an advantageous sale or lease of oil, gas, sulphur, or other minerals in and under and that may be produced from the lands; and the board may make maps and plats which it deems necessary to carry out the purposes of this subchapter.

(b) The board may obtain authentic abstracts of title to the lands from time to time as it deems necessary and may take necessary steps to perfect a merchantable title to the lands.

Sec. 109.023 [~~109.64~~]. SALE OF LEASES; ADVERTISEMENTS; PAYMENTS. (a) Whenever in the opinion of the board there is a demand for the purchase of oil, gas, sulphur, or other mineral leases on any tract or part of any tract of land which can be [~~will~~] reasonably expected to result in [~~insure~~] an advantageous sale, the board shall place the oil, gas, sulphur, or other mineral leases on the land on the market in a tract or tracts, or any part of a tract, which the board may designate.

(b) The board shall have advertised a brief description of the land from which the oil, gas, sulphur, or other minerals is proposed to be leased. The advertisement shall be made by publishing [~~inserting~~] in two or more papers of general circulation in this state, and in addition, the board may, in its discretion, cause the advertisement to be placed in an oil and gas journal published in and out of the state. The board may also mail copies of the proposals to the county

managed by the board to be known as the Texas Tech University special mineral fund. Money in the fund is considered to be institutional funds, as defined by Section 51.009, of the university and is to be used exclusively for the university [~~and its branches and divisions~~]. All deposits in and investments of the **fund** shall be made in accordance with Section 51.0031. Section 34.017, Natural Resources Code, does not apply to the **fund**.

Sec. 109.152 [~~109.62~~]. MAJORITY OF BOARD TO ACT. A majority of the board has power to act in all cases under this subchapter except as otherwise provided in this subchapter.

Sec. 109.153 [~~109.63~~]. SUBDIVISION OF LAND; TITLES. (a) The board may have the lands surveyed or subdivided into tracts, lots, or blocks which, in its [~~their~~] judgment, will be most conducive and convenient to an advantageous sale or lease of oil, gas, sulphur, or other minerals in and under and that may be produced from the lands; and the board may make maps and plats which it deems necessary to carry out the purposes of this subchapter.

(b) The board may obtain authentic abstracts of title to the lands from time to time as it deems necessary and may take necessary steps to perfect a merchantable title to the lands.

Sec. 109.154 [~~109.64~~]. SALE OF LEASES; ADVERTISEMENTS; PAYMENTS. (a) Whenever in the opinion of the board there is a demand for the purchase of oil, gas, sulphur, or other mineral leases on any tract or part of any tract of land which can be [~~will~~] reasonably expected to result in [~~insure~~] an advantageous sale, the board shall place the oil, gas, sulphur, or other mineral leases on the land on the market in a tract or tracts, or any part of a tract, which the board may designate.

(b) The board shall have advertised a brief description of the land from which the oil, gas, sulphur, or other minerals is proposed to be leased. The advertisement shall be made by publishing [~~inserting~~] in two or more papers of general circulation in this state, and in addition, the board may, in its discretion, cause the advertisement to be placed in an oil and gas journal published in and out of the state. The board may also mail copies of the proposals to the county

judge of the county where the lands are located and to other persons the board believes would be interested. The board may specify that publication of the offer by electronic means, ~~such as~~ internet posting, shall satisfy the requirement for publication of the advertisement in two or more papers of general circulation in this state.

(c) The board may sell the lease or leases to the highest bidder at public auction [~~at the university in Lubbock at any hour between 10 a. m. and 5 p. m.~~]

(d) The highest bidder shall pay to the board on the day of the sale 25 percent of the bonus bid, and the balance of the bid shall be paid within 24 hours after the bidder is notified that the bid has been accepted. Payments shall be made in cash, certified check, [~~or~~] cashier's check or electronic payment, as the board directs. The failure of the bidder to pay the balance of the amount bid will forfeit to the board the 25 percent of the bonus bid paid.

Sec. 109.024 [~~109.65~~]. SEPARATE BIDS; MINIMUM ROYALTY; DELAY RENTAL. (a) A separate bid shall be made for each tract or subdivision of a tract.

(b) No bid shall be accepted which offers a royalty of less than one-eighth of the gross production of oil, gas, sulphur, and other minerals in the land bid upon. [~~And~~] The board may increase this minimum royalty [~~may be increased~~] at the discretion of the board.

(c) Every bid shall carry the obligation to pay an amount not less than \$ 5 [~~4~~] per acre for delay in drilling or development. The amount shall be fixed by the board in advance of the advertisement. The delay rental [~~amount fixed~~] shall be paid every year for five years unless in the meantime production in paying quantities is had upon the land or the land is released by the lessee.

Sec. 109.025 [~~109.66~~]. REJECTION OF BIDS; WITHDRAWAL OF LAND. The board may reject any and all bids and may withdraw any land advertised for lease.

Sec. 109.026 [~~109.67~~]. ACCEPTANCE; CONDITIONS AND PROVISIONS OF LEASE. (a) If, in the opinion of the board, [~~any one of~~] the highest bidder[s] has offered a reasonable and proper price for any tract, which is not less than the price set by the board, the lands advertised may be

judge of the county where the lands are located and to other persons the board believes would be interested. The board may specify that publication of the offer by electronic means, including an Internet posting, satisfies the requirement for publication of the advertisement in at least two papers of general circulation in this state.

(c) The board may sell the lease or leases to the highest bidder at public auction [~~at the university in Lubbock at any hour between 10 a. m. and 5 p. m.~~].

(d) The highest bidder shall pay to the board on the day of the sale 25 percent of the bonus bid, and the balance of the bid shall be paid within 24 hours after the bidder is notified that the bid has been accepted. Payments shall be made in cash, certified check, [~~or~~] cashier's check, or electronic payment, as the board directs. The failure of the bidder to pay the balance of the amount bid will forfeit to the board the 25 percent of the bonus bid paid.

Sec. 109.155 [~~109.65~~]. SEPARATE BIDS; MINIMUM ROYALTY; DELAY RENTAL. (a) A separate bid shall be made for each tract or subdivision of a tract.

(b) No bid shall be accepted which offers a royalty of less than one-eighth of the gross production of oil, gas, sulphur, and other minerals in the land bid upon. The board may increase [~~and~~] this minimum royalty [~~may be increased~~] at the discretion of the board.

(c) Every bid shall carry the obligation to pay an amount not less than \$ 5 [~~4~~] per acre for delay in drilling or development. The amount shall be fixed by the board in advance of the advertisement. The delay rental [~~amount fixed~~] shall be paid every year for five years unless in the meantime production in paying quantities is had upon the land or the land is released by the lessee.

Sec. 109.156 [~~109.66~~]. REJECTION OF BIDS; WITHDRAWAL OF LAND. The board may reject any and all bids and may withdraw any land advertised for lease.

Sec. 109.157 [~~109.67~~]. ACCEPTANCE; CONDITIONS AND PROVISIONS OF LEASE. (a) If, in the opinion of the board, [~~any one of~~] the highest bidder [~~bidders~~] has offered a reasonable and proper price for any tract, which is not less than the price set by the board, the lands advertised may be

leased for oil, gas, sulphur, and other mineral purposes under the terms of this section and subject to regulations prescribed by the board which are not inconsistent with the provisions of this section. In the event no bid is accepted by the board at public auction, any subsequent procedure for the sale of the leases shall be in the manner prescribed in the preceding sections.

(b) No lease shall be made by the board which will permit the drilling or mining for oil, gas, sulphur, or other minerals within 500 ~~[300]~~ feet of any building or structure on the land without the consent of the board. In making any lease on any experimental station or farm, the lease shall provide that the operations for oil, gas, and other minerals shall not in any way interfere with use of the land for university purposes and shall not cause the abandonment of the property or its use for experimental farm purposes. The lease shall also provide that the lessee operating the property shall drill and carry on its ~~[his]~~ operations in such a way as not to interfere with use's ~~[cause the abandonment]~~ of the property for university purposes, and the leased property shall be subject to the use by the state for all university purposes~~[-, and the board shall continue to operate the university].~~

Sec. 109.027 ~~[109.68]~~. ACCEPTANCE AND FILING OF BIDS; YEARLY PAYMENTS; TERMINATION OF LEASE. (a) If the board determines that a satisfactory bid has been received for the oil, gas, sulphur, or other mineral lands, it shall accept the bid and reject all others and shall file the accepted bid in the general land office.

(b) ~~[Whenever the royalties shall amount to as much as the yearly payments fixed by the board, the yearly payments may be discontinued].~~

~~[(c)]~~ If before the expiration of five years oil, gas, sulphur, or other minerals have not been produced in paying quantities, the lease shall terminate unless extended as provided in Sections 109.029 ~~[109.70]~~ and 109.030 ~~[109.71]~~ of this code.

Sec. 109.028 ~~[109.69]~~. AWARD AND FILING OF LEASE. If the board determines that a satisfactory bid has been received for the oil, gas, sulphur, or other minerals, it shall make an award to the bidder offering the highest price, and a lease

leased for oil, gas, sulphur, and other mineral purposes under the terms of this section and subject to regulations prescribed by the board which are not inconsistent with the provisions of this section. In the event no bid is accepted by the board at public auction, any subsequent procedure for the sale of the leases shall be in the manner prescribed in the preceding sections.

(b) No lease shall be made by the board which will permit the drilling or mining for oil, gas, sulphur, or other minerals within 500 ~~[300]~~ feet of any building or structure on the land without the consent of the board. In making any lease on any experimental station or farm, the lease shall provide that the operations for oil, gas, and other minerals shall not in any way interfere with use of the land for university purposes and shall not cause the abandonment of the property or its use for experimental farm purposes. The lease shall also provide that the lessee operating the property shall drill and carry on the lessee's ~~[his]~~ operations in such a way as not to interfere with uses ~~[cause the abandonment]~~ of the property for university purposes, and the leased property shall be subject to the use by the state for all university purposes~~[-, and the board shall continue to operate the university].~~

Sec. 109.158 ~~[109.68]~~. ACCEPTANCE AND FILING OF BIDS; ~~[YEARLY PAYMENTS;]~~ TERMINATION OF LEASE. (a) If the board determines that a satisfactory bid has been received for the oil, gas, sulphur, or other mineral lands, it shall accept the bid and reject all others and shall file the accepted bid in the general land office.

(b) ~~[Whenever the royalties shall amount to as much as the yearly payments fixed by the board, the yearly payments may be discontinued].~~

~~[(c)]~~ If before the expiration of five years oil, gas, sulphur, or other minerals have not been produced in paying quantities, the lease shall terminate unless extended as provided in Sections 109.160 ~~[109.70]~~ and 109.161 ~~[109.71 of this code]~~.

Sec. 109.159 ~~[109.69]~~. AWARD AND FILING OF LEASE. If the board determines that a satisfactory bid has been received for the oil, gas, sulphur, or other minerals, it shall make an award to the bidder offering the highest price, and a lease

shall be filed in the general land office.

Sec. 109.029 ~~[409.70]~~. EXPLORATORY TERM OF LEASE; EXTENSION; OTHER PROVISIONS. (a) The exploratory term of a lease as determined by the board prior to the promulgation of the advertisement shall not exceed five years, and each lease shall provide that the lease will terminate at the expiration of its exploratory term unless by unanimous vote of the board the lease is extended for a period not to exceed ~~[of]~~ three years.

(b) ~~[The lease may be extended if the board finds that there is a likelihood of oil, gas, sulphur, or other minerals being discovered by the lessees, and that the lessees have proceeded with diligence to protect the interest of the state.]~~ If oil, gas, sulphur, or other minerals are being produced in paying quantities from the premises, the lease shall continue in force and effect as long as the oil, gas, sulphur, or other minerals are being so produced. No extension may be made by the board until the last 30 days of the original term of the lease.

(c) The lease shall include additional provisions and regulations prescribed by the board to preserve the interest of the state, not inconsistent with the provisions of this subchapter.

Sec. 109.030 ~~[409.71]~~. EXTENSION OF LEASES. When in the discretion of the board it is deemed for the best interest of the state to extend a lease issued by the board, the board may by unanimous vote extend the lease for a period not to exceed three years, on the condition that the lessee shall continue to pay yearly rental as provided in the lease and shall comply with any additional terms ~~[which]~~ the board requires ~~[may see fit and proper to demand]~~. The board may extend the lease and execute an extension agreement.

Sec. 109.031 ~~[409.72]~~. CONTROL OF DRILLING AND PRODUCTION. The drilling for and the production of oil, gas, and other minerals from the lands shall be governed and controlled by the Railroad Commission of Texas and other applicable regulatory bodies which govern and control other fields in this state.

Sec. 109.032 ~~[409.73]~~. DRILLING OPERATIONS: SUSPENSION OF RENT; CONTINUANCE OF LEASE; DUTY TO PREVENT DRAINAGE. (a) If during the

shall be filed in the general land office.

Sec. 109.160 ~~[409.70]~~. EXPLORATORY TERM OF LEASE; EXTENSION; OTHER PROVISIONS. (a) The exploratory term of a lease as determined by the board prior to the promulgation of the advertisement shall not exceed five years, and each lease shall provide that the lease will terminate at the expiration of its exploratory term unless by unanimous vote of the board the lease is extended for a period not to exceed ~~[of]~~ three years.

(b) ~~[The lease may be extended if the board finds that there is a likelihood of oil, gas, sulphur, or other minerals being discovered by the lessees, and that the lessees have proceeded with diligence to protect the interest of the state.]~~ If oil, gas, sulphur, or other minerals are being produced in paying quantities from the premises, the lease shall continue in force and effect as long as the oil, gas, sulphur, or other minerals are being so produced. No extension may be made by the board until the last 30 days of the original term of the lease.

(c) The lease shall include additional provisions and regulations prescribed by the board to preserve the interest of the state, not inconsistent with the provisions of this subchapter.

Sec. 109.161 ~~[409.71]~~. EXTENSION OF LEASES. When in the discretion of the board it is deemed for the best interest of the state to extend a lease issued by the board, the board may by unanimous vote extend the lease for a period not to exceed three years, on the condition that the lessee shall continue to pay yearly rental as provided in the lease and shall comply with any additional terms ~~[which]~~ the board requires ~~[may see fit and proper to demand]~~. The board may extend the lease and execute an extension agreement.

Sec. 109.162 ~~[409.72]~~. CONTROL OF DRILLING AND PRODUCTION. The drilling for and the production of oil, gas, and other minerals from the lands shall be governed and controlled by the Railroad Commission of Texas and other applicable regulatory bodies which govern and control other fields in this state.

Sec. 109.163 ~~[409.73]~~. DRILLING OPERATIONS: SUSPENSION OF RENT; CONTINUANCE OF LEASE; DUTY TO PREVENT DRAINAGE. (a) If during the

term of a lease issued under the provisions of this subchapter the lessee is engaged in actual drilling operations for the discovery of oil, gas, sulphur, or other minerals, no rentals shall be payable as to the tract on which the operations are being conducted as long as the operations are proceeding in a good and workmanlike manner in a bona fide attempt to produce oil, gas, sulphur or other minerals from the well [faith].

(b) In the event oil, gas, sulphur, or other minerals are discovered in paying quantities on any tract of land covered by a lease, then the lease as to that tract shall remain in force as long as oil, gas, sulphur, or other minerals are produced in paying quantities from the tract.

(c) In the event of the discovery of oil, gas, sulphur, or other minerals on any tract covered by a lease or on any land adjoining the tract, the lessee shall conduct such operations as may be necessary to prevent drainage from the tract covered by the lease to properly develop the same to the extent that a reasonably prudent man would do under the same and similar circumstances.

Sec. 109.033 [~~109.74~~]. TITLE TO RIGHTS PURCHASED; ASSIGNMENT; RELINQUISHMENT. (a) Title to all rights purchased may be held by the lessee [~~owners~~] as long as the area produces oil, gas, sulphur, or other minerals in paying quantities.

(b) All rights purchased may be assigned. All assignments shall be filed in the general land office as prescribed by rule, accompanied by 10 cents per acre for each acre assigned and the filing fee as prescribed by rule. An assignment shall not be effective unless filed as required by rule.

(c) All rights to all or any part of a leased tract may be released to the state at any time by recording a release instrument in the county or counties in which the tract is located. Releases shall also be filed with the chairman of the board and the general land office, accompanied by the filing fee prescribed by rule. A release shall not relieve the lessee [~~owner~~] of any obligations or liabilities incurred prior to the release.

(d) The board shall authorize the required infrastructure [~~laying of pipeline and telephone line~~] and the opening of roads deemed reasonably necessary in carrying

term of a lease issued under the provisions of this subchapter the lessee is engaged in actual drilling operations for the discovery of oil, gas, sulphur, or other minerals, no rentals shall be payable as to the tract on which the operations are being conducted as long as the operations are proceeding in a good and workmanlike manner in a good faith attempt to produce oil, gas, sulphur, or other minerals from the well [faith].

(b) In the event oil, gas, sulphur, or other minerals are discovered in paying quantities on any tract of land covered by a lease, then the lease as to that tract shall remain in force as long as oil, gas, sulphur, or other minerals are produced in paying quantities from the tract.

(c) In the event of the discovery of oil, gas, sulphur, or other minerals on any tract covered by a lease or on any land adjoining the tract, the lessee shall conduct such operations as may be necessary to prevent drainage from the tract covered by the lease to properly develop the same to the extent that a reasonably prudent individual [~~man~~] would do under the same and similar circumstances.

Sec. 109.164 [~~109.74~~]. TITLE TO RIGHTS PURCHASED; ASSIGNMENT; RELINQUISHMENT. (a) Title to all rights purchased may be held by the lessee [~~owners~~] as long as the area produces oil, gas, sulphur, or other minerals in paying quantities.

(b) All rights purchased may be assigned. All assignments shall be filed in the general land office as prescribed by rule, accompanied by 10 cents per acre for each acre assigned and the filing fee as prescribed by rule. An assignment shall not be effective unless filed as required by rule.

(c) All rights to all or any part of a leased tract may be released to the state at any time by recording a release instrument in the county or counties in which the tract is located. Releases shall also be filed with the chairman of the board and the general land office, accompanied by the filing fee prescribed by rule. A release shall not relieve the lessee [~~owner~~] of any obligations or liabilities incurred prior to the release.

(d) The board shall authorize any required infrastructure, including [~~the laying of pipeline and telephone line and~~] the opening of roads deemed reasonably necessary in

out the purposes of this subchapter.

Sec. 109.034 ~~[409.75]~~. PAYMENT OF ROYALTIES; RECORDS; REPORT OF RECEIPTS. (a) If oil, gas, or other minerals are developed on any of the lands leased by the board, the royalty as stipulated in the sale shall be paid to the general land office in Austin on or before the last day of each month for the preceding month during the life of the rights purchased. The royalty payments shall be set aside as specified in Section 109.020 ~~[409.64]~~ and used as provided in that section.

(b) The royalty paid to the general land office shall be accompanied by the sworn statement of the lessee ~~[owner]~~, manager, or other authorized agent showing the gross amount of oil, gas, sulphur, or other minerals produced and sold off the premises and the market value of the minerals, together with a copy of all daily gauges, or vats, tanks, gas meter readings, pipeline receipts, gas line receipts, and other checks and memoranda of the amounts produced and put into pipelines, vats, tanks, or pool and gas lines or gas storage. The books and accounts, receipts and discharges of all wells, tanks, vats, pools, meters, and pipelines, and all contracts and other records pertaining to the production, transportation, sale, and marketing of the oil, gas, sulphur, or other minerals shall at all times be subject to inspection and examination by any member of the board or any duly authorized representative of the board.

(c) The commissioner of the general land office shall tender to the board on or before the 10th day of each month a report of all receipts that are collected from the lease or sale of oil, gas, sulphur, or other minerals and that are deposited in the special fund as provided by Section 109.020 ~~[409.64]~~ during the preceding month.

Sec. 109.035 ~~[409.76]~~. PROTECTION FROM DRAINAGE; FORFEITURE OF RIGHTS. (a) In every case where the area in which oil, gas, sulphur, or other minerals sold is contiguous or adjacent to lands which are not lands belonging to and held by the university, the acceptance of the bid and the sale made thereby shall constitute an obligation of the lessee ~~[owner]~~ to adequately protect the land leased from drainage from the adjacent lands to the extent that a reasonably prudent operator

carrying out the purposes of this subchapter.

Sec. 109.165 ~~[409.75]~~. PAYMENT OF ROYALTIES; RECORDS; REPORT OF RECEIPTS. (a) If oil, gas, or other minerals are developed on any of the lands leased by the board, the royalty as stipulated in the sale shall be paid to the general land office in Austin on or before the last day of each month for the preceding month during the life of the rights purchased. The royalty payments shall be set aside as specified in Section 109.151 ~~[409.64]~~ and used as provided in that section.

(b) The royalty paid to the general land office shall be accompanied by the sworn statement of the lessee ~~[owner]~~, manager, or other authorized agent showing the gross amount of oil, gas, sulphur, or other minerals produced and sold off the premises and the market value of the minerals, together with a copy of all daily gauges, or vats, tanks, gas meter readings, pipeline receipts, gas line receipts, and other checks and memoranda of the amounts produced and put into pipelines, vats, tanks, or pool and gas lines or gas storage. The books and accounts, receipts and discharges of all wells, tanks, vats, pools, meters, and pipelines, and all contracts and other records pertaining to the production, transportation, sale, and marketing of the oil, gas, sulphur, or other minerals shall at all times be subject to inspection and examination by any member of the board or any duly authorized representative of the board.

(c) The commissioner of the general land office shall tender to the board on or before the 10th day of each month a report of all receipts that are collected from the lease or sale of oil, gas, sulphur, or other minerals and that are deposited in the special fund as provided by Section 109.151 ~~[409.64]~~ during the preceding month.

Sec. 109.166 ~~[409.76]~~. PROTECTION FROM DRAINAGE; FORFEITURE OF RIGHTS. (a) In every case where the area in which oil, gas, sulphur, or other minerals sold is contiguous or adjacent to lands which are not lands belonging to and held by the university, the acceptance of the bid and the sale made thereby shall constitute an obligation of the lessee ~~[owner]~~ to adequately protect the land leased from drainage from the adjacent lands to the extent that a reasonably prudent operator

would do under the same and similar circumstances.

(b) In cases where the area in which the oil, gas, sulphur, or other minerals sold is contiguous to other lands belonging to and held by the university which have been leased or sold at a lesser royalty, the lessee ~~[owner]~~ shall protect the land from drainage from the lands leased or sold for a lesser royalty.

(c) On failure to protect the land from drainage as provided in this section, the sale and all rights acquired may be forfeited by the board in the manner provided in Section 109.036 ~~[109.77]~~ of this code for forfeitures. Sec. 109.036 ~~[109.77]~~. FORFEITURE AND OTHER REMEDIES; LIENS. (a) Leases granted under the provisions of this chapter are subject to forfeiture by the board by an order entered in the minutes of the board reciting the acts or omissions constituting a default and declaring a forfeiture.

(b) Any of the following acts or omissions constitutes a default:

(1) the failure or refusal by the lessee ~~[owner]~~ of the rights acquired under this chapter to make a payment of a sum due, either as rental or royalty on production, within 30 days after the payment becomes due;

(2) the making of a false return or false report concerning production, royalty, drilling, or mining by the lessee ~~[owner]~~ or his authorized agent;

(3) the failure or refusal of the lessee ~~[owner]~~ or his agent to drill an offset well or wells in good faith, as required by the lease;

(4) the refusal of the lessee ~~[owner]~~ or his agent to allow the proper authorities access to the records and other data pertaining to the operations authorized in this subchapter;

(5) the failure or refusal of the lessee ~~[owner]~~ or his authorized agent to give correct information to the proper authorities, or to furnish the log of any well within 30 days after production is found in paying quantities; or

(6) the violation by the lessee ~~[owner]~~ of any material term of the lease.

(c) The board may, if it so desires, have suit for forfeiture instituted through the attorney general.

(d) On proper showing by the forfeiting

would do under the same and similar circumstances.

(b) In cases where the area in which the oil, gas, sulphur, or other minerals sold is contiguous to other lands belonging to and held by the university which have been leased or sold at a lesser royalty, the lessee ~~[owner]~~ shall protect the land from drainage from the lands leased or sold for a lesser royalty.

(c) On failure to protect the land from drainage as provided in this section, the sale and all rights acquired may be forfeited by the board in the manner provided in Section 109.167 ~~[109.77 of this code]~~ for forfeitures. Sec. 109.167 ~~[109.77]~~. FORFEITURE AND OTHER REMEDIES; LIENS. (a) Leases granted under the provisions of this chapter are subject to forfeiture by the board by an order entered in the minutes of the board reciting the acts or omissions constituting a default and declaring a forfeiture.

(b) Any of the following acts or omissions constitutes a default:

(1) the failure or refusal by the lessee ~~[owner]~~ of the rights acquired under this chapter to make a payment of a sum due, either as rental or royalty on production, within 30 days after the payment becomes due;

(2) the making of a false return or false report concerning production, royalty, drilling, or mining by the lessee ~~[owner]~~ or the lessee's ~~[his]~~ authorized agent;

(3) the failure or refusal of the lessee ~~[owner]~~ or the lessee's ~~[his]~~ agent to drill an offset well or wells in good faith, as required by the lease;

(4) the refusal of the lessee ~~[owner]~~ or the lessee's ~~[his]~~ agent to allow the proper authorities access to the records and other data pertaining to the operations authorized in this subchapter;

(5) the failure or refusal of the lessee ~~[owner]~~ or the lessee's ~~[his]~~ authorized agent to give correct information to the proper authorities, or to furnish the log of any well within 30 days after production is found in paying quantities; or

(6) the violation by the lessee ~~[owner]~~ of any material term of the lease.

(c) The board may, if it so desires, have suit for forfeiture instituted through the attorney general.

(d) On proper showing by the forfeiting

lessee ~~[owner]~~ within 30 days after the declaration of forfeiture, the lease may be reinstated at the discretion of the board and upon terms prescribed by the board.

(e) In case of violation by the lessee ~~[owner]~~ of the lease contract, the remedy of forfeiture shall not be the exclusive remedy, and the state may institute suit for damages or specific performance or both.

(f) The state shall have a first lien on oil, gas, sulphur, or other minerals produced or that may be produced in the leased area, and on all rigs, tanks, vats, pipelines, telephone lines, and machinery and appliances used in the production and handling of oil, gas, sulphur, or other minerals produced, to secure the amount due from the lessee ~~[owner of the lease]~~.

Sec. 109.037 ~~[409.78]~~. FILING OF DOCUMENTS AND PAYMENT OF ROYALTIES, FEES, AND RENTALS. (a) All surveys, files, copies of sale and lease contracts, and other records pertaining to the sales and leases authorized in this subchapter shall be filed in the general land office and shall constitute archives.

(b) Payment of all royalties, lease fees, rentals for delay in drilling or mining, filing fees for assignments and relinquishments, and all other payments shall be made to the commissioner of the general land office at Austin. The commissioner shall transmit all payments received to the board for deposit to the credit of the Texas Tech University special mineral fund as provided by Section 109.020 ~~[409.64]~~.

Sec. 109.038 ~~[409.79]~~. FORMS, REGULATIONS, RULES, AND CONTRACTS. The board shall adopt proper forms, regulations, rules, and contracts which, in its judgment, will protect the income from lands leased pursuant to this subchapter.

Sec. 109.039 ~~[409.80]~~. MANAGEMENT OF SURFACE AND MINERAL ESTATES. (a) The board may lease for oil, gas, sulphur, ore, water, and other mineral development all land under its exclusive control for the use of the university. The board may make and enter into pooling agreements, division orders, or other contracts necessary in the management and development of its land.

(b) All leases, pooling agreements, division orders, or other contracts entered into by the

lessee ~~[owner]~~ within 30 days after the declaration of forfeiture, the lease may be reinstated at the discretion of the board and upon terms prescribed by the board.

(e) In case of violation by the lessee ~~[owner]~~ of the lease contract, the remedy of forfeiture shall not be the exclusive remedy, and the state may institute suit for damages or specific performance or both.

(f) The state shall have a first lien on oil, gas, sulphur, or other minerals produced or that may be produced in the leased area, and on all rigs, tanks, vats, pipelines, telephone lines, and machinery and appliances used in the production and handling of oil, gas, sulphur, or other minerals produced, to secure the amount due from the lessee ~~[owner of the lease]~~.

Sec. 109.168 ~~[409.78]~~. FILING OF DOCUMENTS AND PAYMENT OF ROYALTIES, FEES, AND RENTALS. (a) All surveys, files, copies of sale and lease contracts, and other records pertaining to the sales and leases authorized in this subchapter shall be filed in the general land office and shall constitute archives.

(b) Payment of all royalties, lease fees, rentals for delay in drilling or mining, filing fees for assignments and relinquishments, and all other payments shall be made to the commissioner of the general land office at Austin. The commissioner shall transmit all payments received to the board for deposit to the credit of the Texas Tech University special mineral fund as provided by Section 109.151 ~~[409.64]~~.

Sec. 109.169 ~~[409.79]~~. FORMS, REGULATIONS, RULES, AND CONTRACTS. The board shall adopt proper forms, regulations, rules, and contracts which, in its judgment, will protect the income from lands leased pursuant to this subchapter.

Sec. 109.170 ~~[409.80]~~. MANAGEMENT OF SURFACE AND MINERAL ESTATES. (a) The board may lease for oil, gas, sulphur, ore, water, and other mineral development all land under its exclusive control for the use of the university. The board may make and enter into pooling agreements, division orders, or other contracts necessary in the management and development of its land.

(b) All leases, pooling agreements, division orders, or other contracts entered into by the

board shall be on terms that the board considers in the best interest of the university. The board may not sell a lease for less than the royalty and rental terms demanded at that time by the General Land Office in connection with the sale of oil, gas, and other mineral leases of the public lands of this state.

(c) All money received under the leases and contracts executed for the management and development of the land, except revenue pledged to the payment of revenue bonds or notes, shall be deposited to the credit of a special fund created by the board. The board shall designate a depository for the special fund and protect the money deposited in it by the pledging of assets of the depository in the same manner as is required for the protection of public funds. Money deposited in the special fund may be used by the board for the administration of the university, for payment of principal of and interest on revenue bonds or notes issued by the board, and for any other purpose that in the judgment of the board may be for the good of the university.

SECTION 9. Chapter 110, Education Code, is amended to read as follows:

Sec. 110.01. SEPARATE INSTITUTION. Texas Tech University Health Sciences Center is a separate institution and not a department, school, or branch of Texas Tech University but is under the direction, management, and control of the Texas Tech University System Board of Regents. The center is composed of a medical school and other components assigned by law or by the coordinating board.

Sec. 110.02. CONCURRENT AND SEPARATE POWERS. The board of regents has the same powers of governance, control, jurisdiction, and management [~~direction, management, and control~~] over the Health Sciences Center as they exercise over Texas Tech University System and its components. However, the board shall act separately and independently on all matters affecting the Health Sciences Center as a separate institution.

Sec. 110.11. MEDICAL SCHOOL ADMISSION POLICIES. The [~~B~~]board of [~~R~~]regents shall promulgate appropriate rules and regulations pertaining to the

board shall be on terms that the board considers in the best interest of the university. The board may not sell a lease for less than the royalty and rental terms demanded at that time by the General Land Office in connection with the sale of oil, gas, and other mineral leases of the public lands of this state.

(c) All money received under the leases and contracts executed for the management and development of the land, except revenue pledged to the payment of revenue bonds or notes, shall be deposited to the credit of a special fund created by the board. The board shall designate a depository for the special fund and protect the money deposited in it by the pledging of assets of the depository in the same manner as is required for the protection of public funds. Money deposited in the special fund may be used by the board for the administration of the university, for payment of principal of and interest on revenue bonds or notes issued by the board, and for any other purpose that in the judgment of the board may be for the good of the university.

SECTION 10. Substantially the same as introduced version.

admission of students to the medical school [which will provide for admission of those students to its entering class each year who are equally or as well qualified as all other students and who have entered a contract with or received a commitment for a stipend, grant, loan or scholarship from the State Rural Medical Education Board. The State Rural Medical Education Board may contract with medical students providing for such students to engage in a general or family practice of medicine for not less than four years after licensing and a period of medical residency, as determined by the rules and regulations established by the State Rural Medical Education Board, in cities of Texas which have a population of less than 5,000 or in rural areas, as that term may be defined by the State Rural Medical Education Board, and said Board is hereby given the authority to define and from time to time redefine the term rural area, at the time the medical practice is commenced. This contract shall provide for a monthly stipend of at least \$100 to be granted by the State Rural Medical Education Board to each person under contract with the State while enrolled as a medical school student].

SECTION 10. On the effective date of this Act, the following provisions of the Education Code are repealed:

- (1) Section 109.44;
- (2) Subsections (c), (d), and (e), Section 109.45;
- (3) Section 109.46;
- (4) Section 109.47;
- (5) Section 109.49;
- (6) Section 110.04; and
- (7) Section 110.14

SECTION 11. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 11. The following provisions of the Education Code are repealed:

- (1) Section 109.44;
(*See Section 8 above.*)
- (2) Section 109.46;
- (3) Section 109.47;
- (4) Section 109.49;
- (5) Section 110.04; and
- (6) Section 110.14.

SECTION 12. Same as introduced version.